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Christine L. Vaughan
Vice President Rates & Regulatory Requirements,
and Treasurer

May 11, 2018

Jeffrey R. Gaudiosi, Esq.
Executive Secretary
Public Utilities Regulatory Authority
10 Franklin Square
New Britain, CT 06051

Re: Docket No. 18-05-__ - Application of Yankee Gas Services Company
d/b/a Eversource Energy to Amend its Rate Schedules – Notice of Intent

Dear Mr. Gaudiosi:

In accordance with Sections 16-19 and 16-19e of the General Statutes, and Regulations of Connecticut State Agencies (“R.C.S.A.”) Sections 16-1-22(b) and 16-1-53a, and Section 1.0 of the Public Utilities Regulatory Authority’s (“PURA’s”) Standard Filing Requirements (“SFRs”), Yankee Gas Services Company d/b/a Eversource Energy (the “Company”) provides notice of its intent to file amended rate schedules proposing an increase in its distribution rates.

The Company last filed an application to increase distribution rates more than seven (7) years ago on January 7, 2011 in Docket No. 10-12-02, Application of Yankee Gas Services Company for Amended Rate Schedules.¹

The Company’s application, which it expects to file on or about June 15, 2018, will propose a three-year plan to recover additional revenues for the period January 1, 2019 through December 31, 2019 (“1st Rate Year”), January 1, 2020 through December 31, 2020 (“2nd Rate Year”), and January 1, 2021 through December 31, 2021 (“3rd Rate Year”).

The Company’s application will demonstrate that the proposed rate relief is principally driven by three factors: increased investments in gas infrastructure, municipal property taxes and depreciation expense.

¹ On June 29, 2011, PURA’s predecessor issued a final decision in Docket No. 10-12-02 on the Company’s litigated rate case application. Thereafter, on April 29, 2015, during an over-earnings review by PURA, the Company reached a settlement with the Office of Consumer Counsel and the PURA Prosecutorial Unit, which PURA approved, resulting in no rate increase, no recovery of additional costs in rates, and a \$1.5 million credit to customers. See Docket No. 14-08-10, PURA Review Of Overearnings For Yankee Gas Services Company, and Docket No. 15-02-46, PURA Review Of Overearnings For Yankee Gas Services Company – Reporting Period July 2014 Through December 2014, April 29, 2015 Decision.

Regarding the first factor, rate relief is necessary to pay for the substantial infrastructure investments that have been made, and will continue to be made, to the natural gas system to increase reliability and resiliency, and to provide service to new customers. Since the end of the rate year from the Company's last litigated rate case² and through the end of the final rate year in this rate case,³ the Company will invest at least \$1.3 billion to install and improve natural gas infrastructure serving the 73 cities and towns within its service territory, with over \$500 million of that investment already spent but not yet included in rates. Rates now need to be updated to reflect these additional infrastructure investments.

The Company's investment in natural gas infrastructure improves public safety, increases service reliability, and raises the service quality experienced by customers. For example, this investment has yielded improvements in key performance metrics for gas service such as the Company's reduction of class 2 leaks by nearly 45% between 2014 and 2017. This investment has also enabled the Company to expand service to new customers, with over 20,000 new heating customers having been added in the past four years alone.

Regarding the second factor of municipal property taxes, the application will demonstrate that investment in natural gas infrastructure is important to the economy of Connecticut and the 73 municipalities the Company serves because infrastructure upgrades have a direct impact of supporting jobs and increasing vital property and other taxes. Municipal taxes have increased approximately \$21 million in the 1st Rate Year as compared to the Company's last litigated rate case revenue requirement, and are projected to increase an additional \$4 million in the 2nd Rate Year, and \$4 million in the 3rd Rate Year. The Company recognizes that these corollary benefits of a robust, consistent investment program are important to the State and the municipalities it serves.

The third driver of the Company's need for rate relief is increased depreciation expense for gas infrastructure that continues to reliably deliver gas to customers. Depreciation is an expense that is directly associated with the Company's capital investment. Depreciation expense has increased approximately \$25 million in the 1st Rate Year as compared to the Company's last litigated rate case revenue requirement, and is projected to increase an additional \$5 million in the 2nd Rate Year, and \$5 million in the 3rd Rate Year.

These three factors combined – increased investments in gas infrastructure, municipal property taxes and depreciation expense – account for nearly all of the Company's request for rate relief for the 1st, 2nd and 3rd Rate Years.

The Company fully understands that the current financial environment is challenging for Connecticut and our customers, and the Company has not been immune from these challenges. We have worked hard to keep our own costs down through careful control of spending, as evidenced, for example, by the fact that operations and maintenance expense has been

² The June 29, 2011 rate case decision in Docket No. 10-12-02 approved a two-year rate plan for the period July 20, 2011 to June 30, 2012 (rate year 1) and July 1, 2012 to June 30, 2013 (rate year 2). Therefore, the end of the two-year rate plan from the 2011 rate case was June 30, 2013.

³ The end of the final rate year for the three-year rate plan proposed in this rate case is December 31, 2021.

relatively flat since the end of the rate plan from the Company's last litigated rate case. However, even during challenging economic times, the Company must continue to meet both the current and future needs of its customers, as well as be allowed to recover in rates the substantial infrastructure investments it made since the last rate case, and increased property taxes and depreciation costs.

Our proposed three-year rate plan will provide adequate funding to recover these increased costs; continue to provide safe and reliable service to our approximately 232,000 customers; deliver excellent customer service; and allow investors to earn a fair return.

In compliance with PURA's requirements, the Company is providing copies of this notice today by mail or personal delivery to the Governor of the State of Connecticut, the chief executive officers of every municipality located within the Company's franchise area, and the Office of Consumer Counsel.

In addition, as required by PURA's regulations in R.C.S.A. §§ 16-1-22(b) and 16-1-53a and by Paragraph 1.1 of PURA's SFRs, the Company provides the following information:

1. In its rate amendment application, the Company will request that PURA review and approve recovery of the following:
 - (a) A distribution revenue operating deficiency of approximately \$49 million for the 12-month 1st Rate Year beginning January 1, 2019. This represents an average increase of approximately 9.2 percent over total currently authorized overall revenues for all customers and rate classes combined.
 - (b) An additional distribution revenue operating deficiency of approximately \$21 million for the 12-month 2nd Rate Year beginning January 1, 2020. This represents an average increase of approximately 3.7 percent over the previous year's proposed overall revenues for all customers and rate classes combined.
 - (c) An additional distribution revenue operating deficiency of approximately \$16 million for the 12-month 3rd Rate Year beginning January 1, 2021. This represents an average increase of approximately 2.9 percent over the previous year's proposed overall revenues for all customers and rate classes combined.
2. The Company's request for rate relief will result in changes to various subcomponents of the Company's rates and rate design. The exact nature of any changes will ultimately depend upon the nature of the allocations that PURA determines in this and other related proceedings.
3. The service area to be included in the application is as shown in Exhibit 1.
4. A list of the municipalities and the names and addresses of the municipal chief executive officers to whom this notice was sent is shown on Exhibit 2.

5. The test year is the 12-month period ending December 31, 2017 and the date certain (last day of test year) is December 31, 2017.

Respectfully submitted,

YANKEE GAS SERVICES COMPANY d/b/a EVERSOURCE ENERGY

Christine L. Vaughan

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Vice President Rates & Regulatory Requirements, and Treasurer

Eversource Energy Service Company

On Behalf of Yankee Gas Services Company d/b/a Eversource Energy

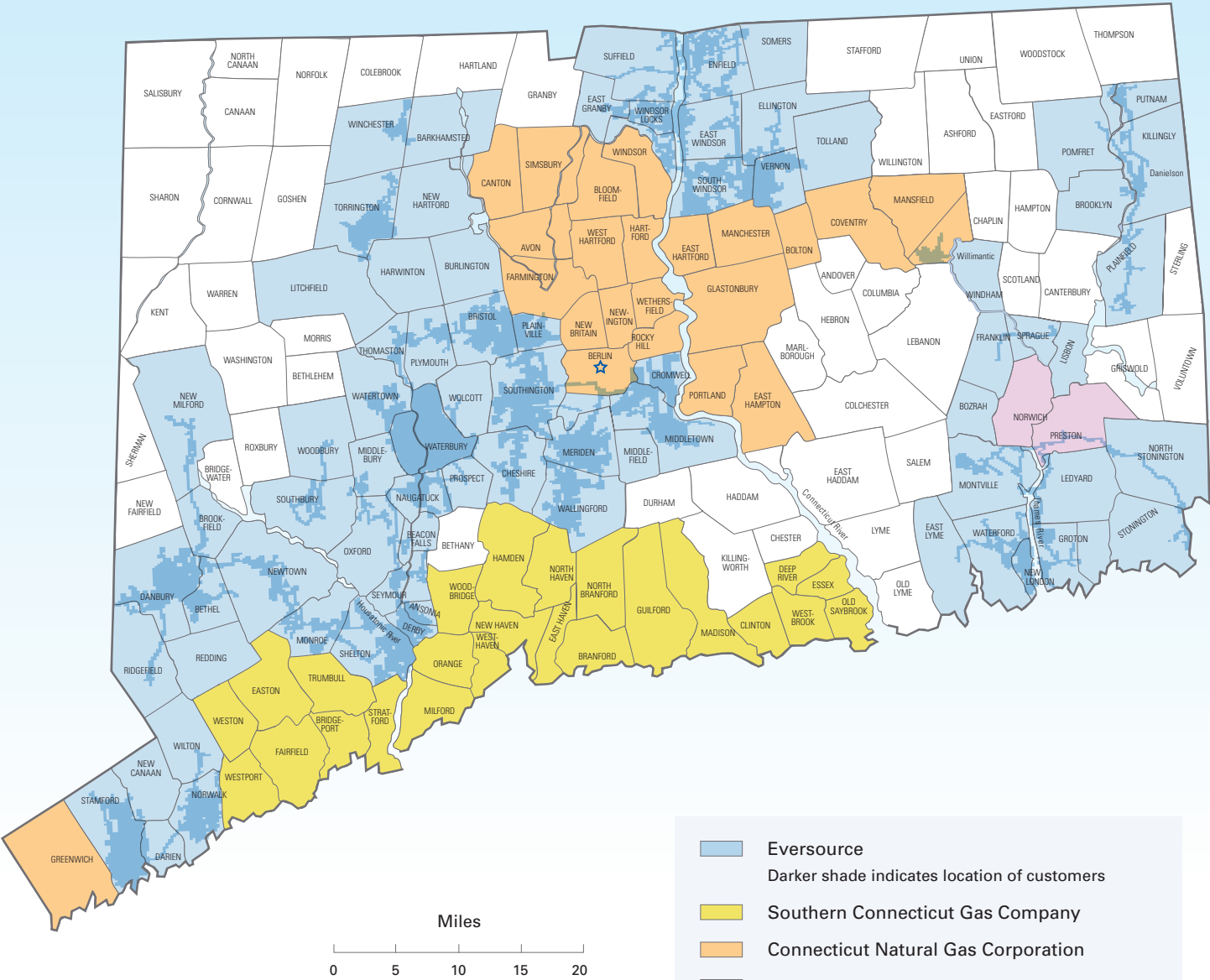
Ex. 1 – Map of franchise area

Ex. 2 - List of municipalities, and the names and addresses to whom this notice was sent

cc: Governor of the State of Connecticut
Chief Executive Officers of CT Municipalities
Office of Consumer Counsel

EXHIBIT 1

Natural Gas Facts and Contacts



- Eversource**
Darker shade indicates location of customers
- Southern Connecticut Gas Company**
- Connecticut Natural Gas Corporation**
- City of Norwich Department of Public Utilities**
- Natural gas not available**
Natural gas may not be available in all areas of towns served

Customers
232,000 residential and commercial

Communities
73 cities and towns

Service Area
2,187 square miles

Headquarters Address
107 Selden Street
Berlin, CT 06037

Mailing Address
P.O. Box 270
Hartford, CT 06141-0270

Gas Leak Emergencies
877-944-5325

Customer Service
800-989-0900

Sales
855-OIL2GAS
(855-645-2427)

Web
Eversource.com

Call Before You Dig
811 or 800-922-4455

EXHIBIT 2

Municipality	Point of Contact	Town Hall Address
Ansonia	Kevin Hale	253 Main Street, Ansonia, CT 06401
Barkhamsted	Donald Stein, First Selectman	67 Ripley Hill Road PO Box 558 Pleasant Valley, CT 06063
Beacon Falls	Edward Rodriguez, Emergency Management Director	10 Maple Avenue Beacon Falls, CT 06403
Bethel	Thomas Galliford, Emergency Management Director	Clifford J. Hurgin Municipal Center 1 School Street Bethel, CT 06801
Bozrah	Glenn Pianka, First Selectman	1 River Rd Bozrah, CT 06334
Bristol	Harley Graime, Emergency Management Director	111 N. Main St Bristol, CT 06010
Brookfield	Wayne Gravius, Emergency Management Director	100 Pocono Road Brookfield, CT 06804
Brooklyn	Steve Mylly, Emergency Management Director	4 Wolf Den Drive Brooklyn, CT 06234
Burlington	Ron Robert, Emergency Management Director	200 Spielman Highway Burlington, CT 06013
Cheshire	Jack Casner, Emergency Management Director	84 South Main St Cheshire, CT 06410
Cromwell	Anthony Salvatore, Town Manager	41 West St Cromwell, CT 06416
Danbury	Paul Estefan, Emergency Management Director	155 Deer Hill Road Danbury, CT 06810
Darien	Mark McEwan, Emergency Management Director	2 Renshaw Road Darien, CT 06820
Derby	Charles Sampson, Emergency Management Director	1 Elizabeth Street Derby, CT 06418
Durham	Laura Francis First Selectman	30 Town House Road Durham, CT 06422
East Granby	Kenneth Beliveau, Emergency Management Director	9 Center Street East Granby CT 06026
East Lyme	Mark Nickerson, First Selectman	278 Main Street Niantic CT 06357
East Windsor	Robert Maynard, First Selectman	11 Rye St Broad Brook, CT 06016
Ellington	Joe Palombizio, Emergency Management Director	55 Main St Ellington, CT 06029
Enfield	Steven Hall, Emergency Management Director	820 Enfield St Enfield, CT 06082
Franklin	Charles Grant First Selectman	7 Meetinghouse Hill Rd North Franklin, CT 06254

Groton	Joe Sastre, Emergency Management Director	45 Fort Hill Road Groton CT 06340
Hartford	Reginald Freeman, Emergency Management Director	City Hall 550 Main Street Hartford, Ct 06103
Harwinton	Michael Criss, First Selectman	100 Bentley Dr Harwinton, CT 06791
Killingly	Randy Burchard, Emergency Management Director	172 Main St Danielson, CT 06239
Ledyard	Russell Shaw, Emergency Management Director	741 Colonel Ledyard Hwy Ledyard CT 06339-1511
Lisbon	Tom Sparkman, First Selectman	1 Newent Road Lisbon, CT 06351
Litchfield	Leo Paul, Jr. First Selectman	74 West St Litchfield, CT 06759
Mansfield	Adam Libros, Emergency Management Director	Town Hall 4 S Eagleville Rd Mansfield, CT 06268
Meriden	Michael Shaw, Emergency Management Director	142 E. Main St Meriden, CT 06450
Middlebury	Ed St. John, First Selectman	1212 Whittemore Rd Middlebury, CT 06762
Middlefield	Edward Bailey First Selectman	393 Jackson Hill Rd Middlefield, CT 06455
Middletown	Rob Kronenberger, EMD & Fire Chief	245 deKoven Drive Middletown, CT 06457
Monroe	Chris Nowacki, Public Works Director	7 Fan Hill Road Monroe, CT 06468
Montville	Ray Occhialini- Fire Marshall	310 Norwich New London Tpk Uncasville CT 06382
Naugatuck	N. Warren "Pete" Hess III First Selectman	229 Church Street Naugatuck, CT 06770
New Hartford	Dan Jerram, First Selectman	530 Main St New Hartford, CT 06057
New London	Fire Chief Henry Kidd	181 State Street New London CT 06320
New Milford	Brian Ohmen, Emergency Management Director	10 Main Street New Milford, CT 06776
Newtown	Bill Halstead Emergency Management Director	3 Primrose Street Newtown, CT 06470
North Stonington	Gary Baron, Emergency Management Director	40 Main Street North Stonington CT 06359
Norwalk	Michele Deluca, Emergency Management Director	125 East Avenue Norwalk, CT 06851
Oxford	Scott Pelletier, Emergency Management Director	486 Oxford Road Oxford, CT 06478

Plainfield	Paul Yellen, Emergency Management Director	8 Community Ave Plainfield,CT 06374
Plainville	Chief Larry Sutherland	One Central Square Plainville, CT 06062
Plymouth	Tony Orsini Emergency Management Director	80 Main St Plymouth, CT 06786
Pomfret	Derek May, Emergency Management Director	5 Haven Rd Pomfret Center, CT 06259
Prospect	Jason Kolodziej Emergency Management Director	36 Center St Prospect, CT 06712
Putnam	Doug Cutler, Jr. Emergency Management Director	126 Church St Putnam, CT 06260
Redding	Mark O'Donnell Emergency Management Director	100 Hill Road Redding, CT 06875
Ridgefield	Dick Aarons Emergency Management Director	400 Main Street Ridgefield, CT 06877
Seymour	Tom Eighmie Emergency Management Director	1 First Street Seymour, CT 06483
Shelton	Michael Maglione Emergency Management Director	54 Hill St Shelton, CT 06484
Somers	Bud Knorr, First Selectman	600 Main St PO Box 308 Somers, CT 06071
South Windsor	Michael Gantic, Public Works Director	1540 Sullivan Ave South Windsor, CT 06074
Southbury	George Slaiby, Emergency Management Director	501 Main St. South Southbury, CT 06488
Southington	Chief Harold Clark	69 Lazy Lane Southington, CT 06489
Sprague	Chief Bob Tardif	1 Main Street Baltic, CT 06330
Stamford	Trevor Roach Emergency Management Director	888 Washington BLVD Stamford, CT 06904
Stonington	George Brennan Emergency Management Director	152 Elm Street Stonington, CT 06378
Suffield	Art Groux, Emergency Management Director	83 Mountain Rd Suffield, CT 06078
Thomaston	Ed Mone, First Selectman	158 Main St Thomaston, CT 06787
Tolland	Chief John Littell	21 Tolland Green Tolland, CT 06084
Torrington	Chief Gary Brunoli	140 Main St. Torrington, CT 06790
Vernon	Michael Purcaro, Emergency Management Director	14 Park Place Vernon, CT 06066
Wallingford	First Selectman William Dickerson	45 South Main Street Wallingford, CT 06492

Waterbury	Adam Rinko, Emergency Management Director	236 Grand St Waterbury, CT, 06702
Waterford	LT. Stephen Bellos	15 Rope Ferry Road Waterford, CT 06385
Watertown	David Bromley, Emergency Management Director	Town Hall Annex 424 Main Street Watertown, CT 06795
Wilton	Mark Amatrudo, Emergency Management Director	238 Danbury Road Wilton, CT 06897
Winchester/Winsted	Steven Williams, Emergency Management Director	338 Main St Winsted, CT 06098
Windham	Mike Licata, Emergency Management Director	979 Main St Windham, CT 06226
Windsor	Barry Goldberg, Emergency Management Director	275 Broad Street Windsor, Ct
Windsor Locks	Vic Puia, Emergency Management Director	50 Church St Windsor Locks, CT 06096
Wolcott	Mayor Thomas Dunn	10 Kenea Avenue Wolcott CT 06716
Woodbury	William Garms, Emergency Management Director	281 Main Street South Woodbury CT 06798